

Message Text

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43

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

SAM-01 SAJ-01 /104 W

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R 201057Z JUN 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 1067

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TAIPEI

USLO PEKING

CINCPAC HONOLULU

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, CH, DA

SUBJECT: PRC TWO-COLUMN TARIFF

REF: A. HONG KONG 5757, B. HONG KONG 5758

1. EMBOFF DISCUSSED QUESTION OF PRC TARIFFS WITH EAST ASIATIC
COMPANY SPECIALIST IN CHINA TRADE, WHO STATED PRC REGULATIONS
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REQUIRE IMPORT TARIFFS BE LEVIED IN ACCORDANCE WITH TARIFF

SCHEDULE OF MAY 4, 1951 BUT THOUGHT THAT TARIFF SCHEDULE MAY HAVE BEEN CHANGED SINCE THEN. HE CONFIRMED EXISTENCE OF TWO-COLUMN TARIFF THAT IS APPLICABLE TO (A) COUNTRIES WITH WHICH CHINA HAS RECIPROCAL TRADE AGREEMENTS AND (B) TO OTHERS.

2. PRODUCTS ARE CATEGORIZED AND DUTIES APPLIED AS FOLLOWS:

A. INDUSTRIAL GOODS AND PARTIALLY MANUFACTURED GOODS WHICH CAN BE PRODUCED IN CHINA IN LARGE QUANTITIES: DUTIES MUST EQUAL THE DIFFERENCE BETWEEN THE CHINA PRICE AND THE FOREIGN PRICE.

B. LUXURY AND NON-ESSENTIAL GOODS: HIGHER DUTY IS APPLIED.

C. INDUSTRIAL RAW MATERIALS, MACHINERY AND EQUIPMENT FOR INDUSTRY AND AGRICULTURE, SEEDS AND FERTILIZERS ALL OF WHICH ARE NOT PRODUCED IN SUFFICIENT QUANTITIES IN CHINA: DUTY FREE.

D. TEXT BOOKS, INSECTICIDES, PESTICIDES AND MEDICINES NOT MANUFACTURED IN CHINA: DUTY FREE OR AT A VERY LOW RATE.

3. EAST ASIATIC OFFICIAL EXPRESSED VIEW THAT PRC TARIFF HAS NO MATERIAL EFFECT ON PRC TRADE SINCE KEY FACTORS IN PURCHASE DECISIONS ARE WHAT IS NEEDED AND WHERE THE BEST TECHNOLOGY CAN BE OBTAINED FOR THE MONEY AND PRICE.

4. HE SPECULATED THAT FACT THAT PURCHASER PAYS DUTIES IS NOT A SIGNIFICANT FACTOR, ADDING THAT WHENEVER THIS IS SPECIFICALLY STATED IN PURCHASE CONTRACT DRAFTED BY SUPPLIER IT HAS BEEN READILY ACCEPTED BY CHINESE.

5. QUESTION OF PRC TARIFFS WAS ALSO DISCUSSED WITH DANISH FONOFF HEAD OF DEPARTMENT RESPONSIBLE FOR RELATIOS WITH STATE TRADING ORGANIZATIONS, WHO CONFIRMED DANISH GOVERNMENT FAMILIAR WITH TWO-COLUMN TARIFF. HE STATED THAT WHILE DANES ARE NOT FAMILIAR WITH DETAILS OF TARIFF APPLICATION, THEY HAVE CONCLUDED THAT ITS EFFECT ON PRC PURCHASE DECISIONS LIMITED OFFICIAL USE

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IS MARGINAL AT BEST AND ADDED THAT DANES NOT RPT NOT CURRENTLY FOCUSING ON THIS QUESTION AS A MAJOR ISSUE.
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Message Attributes

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